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SUBJECT: PT AND PSDB GAIN STRENGTH IN BRAZILIAN STATE OF SANTA CATARINA

REF: A) BRASILIA 2506

B) SAO PAULO 1397

SUMMARY

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**1.** (U) Polls are leaning towards a PSDB win for mayor in Florianopolis, the capital of the southern Brazilian state of Santa Catarina. The PSDB candidate, Dario Berger, has a 16 point lead over PP/PFL candidate, Chico Assis. State Governor Luiz Henrique da Silva (PMDB) has endorsed Berger and other PSDB candidates; however, looking towards the 2006 elections, the Santa Catarina PMDB will have to choose whether these alliances will continue to be advantageous for the party. As elsewhere in Brazil, the PT and PSDB have both gained political ground at the municipal level in Santa Catarina, acquiring both additional mayorships and city council members. Nevertheless, Santa Catarina traditionally has a conservative electorate and the PMDB and PP are still the leading parties in the state. As the October 3 elections showed in several cities, elected positions tend to rotate among political parties, particularly after one party has held a position for eight years. The PT lost Blumenau to the PFL after eight years of governing, and the PP is likely to lose Florianopolis for the same reason - the voters want a change. End Summary.

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PSDB OUTSIDER LEADS IN FLORIANOPOLIS MAYORAL RACE  
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**2.** (U) Brazilian Social Democratic Party (PSDB) candidate Dario Berger continues to lead in the polls for the mayoral election of Santa Catarina state capital Florianopolis. Berger won 35 percent of the vote in the October 3 first round and now faces conservative Progressive Party (PP) candidate Chico Assis, in the second round runoff on October 31. A recent poll shows Berger leading 47-31 percent. Despite Berger's big lead, political commentators have not called the race yet, in part because Berger, who was mayor of the neighboring city Sao Jose for the past eight years, is seen both as something of a carpetbagger and a fresh face who might be able to energize the city. Some 60 percent of Florianopolis's population is not originally from the city, and therefore purportedly not averse to voting for an "outsider" candidate. Berger has also picked-up the support of Brazilian Democratic Movement Party (PMDB) Governor Luiz Henrique da Silva, and some of the smaller parties.

**4.** (U) Chico Assis is strongly associated with incumbent mayor Angela Amin (PP), who after eight years in power still has 72 percent approval ratings. The Liberal Front Party (PFL) and Democratic Labor Party (PDT) are also supporting Assis. The Workers' Party (PT) declared that it will not support either candidate, and instead is urging voters to leave their ballots blank. In the past it has been difficult for incumbents or their handpicked successors to win election in Florianopolis. Assis will face an uphill battle in the last two weeks of the campaign.

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PMDB STRONG, BUT PT AND PSDB ARE BIG WINNERS  
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**5.** (U) As elsewhere in Brazil, the amorphous/centrist PMDB continues to hold the most city halls in Santa Catarina with 115, up one from 2000. The party joined PSDB-led coalitions in the commercial centers of Joinville and Sao Jose and is now supporting the PSDB candidate in Florianopolis. That support from the PMDB likely contributed to the success that the PSDB enjoyed in the first round. The PSDB increased the number of city halls it controls from 19 to 25. However, as a political editor of the "Diario Catarinense", the state's main newspaper, noted, the party's growth has been very localized within Santa Catarina, and it is not yet a statewide force. One of the party's most significant strongholds is Joinville, where the PSDB candidate, Marco Tebaldi, was reelected in the first round. Tebaldi served as Luiz Henrique's vice-mayor in Joinville before Luiz Henrique was elected governor in 2002. The Governor reportedly invested a great deal of political capital in Tebaldi's re-election instead of running a PMDB candidate.

16. (U) Also reflecting the nationwide trend, President Lula's PT gained the most numerically in Santa Catarina this year, increasing its mayorships from 13 to 24. The PT has enjoyed a steady growth in Santa Catarina, going from seven city halls in 1996 to 13 in 2000. The PT's stronghold is in the poorer western region of the state, populated mainly by small farmers. The PT maintains strong ties with the Catholic Church and the Landless Movement (MST) in that region. The PT has the largest caucus in the state legislature, with nine of the 40 seats.

17. (U) The conservative PP and PFL parties each lost city halls in Santa Catarina on October 3. The PP went from running 73 to 70, while the PFL decreased from 58 to 43. The PFL's power is concentrated in the center of the state, dominated by large rural estates.

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THE 2006 ELECTIONS BOUND TO BE HIGHLY CONTESTED  
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18. (SBU) In this month's elections, incumbent PMDB Governor Luiz Henrique formed coalitions, which cut across the lines of his party's alliances at the national level and in other southern states. (Note: at the national level, the PMDB is part of Lula's PT-led coalition, while the PSDB and PFL lead the opposition bloc. End Note.) Most significantly, he has strongly backed PSDB candidates in cities where the PMDB did not have its own candidates in the race. A member of the PMDB state directorate told Poloff that there is dissent among the party leadership over the Governor's alliances. She said that many party members feel that Luis Henrique has gotten too close to the PSDB, noting that the party failed to even run candidates in key cities like Florianopolis and Joinville. In many of the state's western municipalities, the PMDB shares power with the PT, i.e., PT mayors with PMDB vice-mayors or vice versa.

19. (SBU) State legislature caucus leaders from both the PT and PSDB recognize that Luis Henrique's alliances are purely of convenience. PT State Deputy Pedro Baldissera noted that the PMDB only forms coalitions with the PT in regions where the PMDB is weak. He remarked that the PT would have to take a clear political stand, including on whether to continue its alliances with the PMDB in the near future. A Diario Catarinense political editor told us the same thing, noting that the PT needs to clarify its identity as a party and how the party plans to deal with its links to the MST and the workers confederation, CUT, as well as to other parties.

110. (U) The 2006 governor's race is bound to be contentious. Luis Henrique plans to run for reelection for the PMDB. PSDB State Deputy and Caucus Leader Jorginho Mello told us that PSDB Senator Leonel Pavan would be the party's candidate for governor in 2006. Political experts speculate that incumbent Florianopolis mayor, Angela Amin, will run for governor for the PP. (Note: Amin's husband, Esperidao Amin, was governor of Santa Catarina from 1999 until 2003. End Note.) The PT plans to run an as yet unidentified candidate. Potentially complicating the parties' political strategizing even further over the next two years, Senator Jorge Bornhausen's (PFL) seat will be open in the 2006 elections, and the powerful senator's intentions have not been announced.

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COMMENT  
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111. (U) Politics in Santa Catarina are multifaceted and full of intrigue. Soon after the 2004 municipal elections wind down, political maneuvering in preparation for the 2006 gubernatorial and senatorial elections will begin. The governor's seat will be highly contested and the PSDB views 2006 as an opportunity to strengthen its position in the state and nationally. The center-left PSDB and PT parties made the most advances in numerical terms in this year's municipal contests, while the conservative PP and PFL parties, which have traditionally shared political dominance in the state with the PMDB, lost several cities in the interior of the state. A PP loss to the PSDB in Florianopolis could indicate the beginnings of a shift in political power in the state. However, it is not apparent that any clear lessons can be drawn from the outcome of this year's municipal elections here, in particular about the likely impact on the 2006 gubernatorial and presidential elections. Santa Catarina will likely continue to produce politicians of national importance, but due to its small population, it will continue to have only limited impact on the outcome of national elections. End Comment.

112. (U) This message was coordinated with Embassy Brasilia.

DEL VECCHIO